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Assistance to Mozambique

Report of the Secretary-General

1. In its resolution 34/129 of 14 December 1979, the General Assembly requested the Secretary-General, *inter alia*, to continue his efforts to mobilize the necessary resources for an effective programme of financial, technical and material assistance to Mozambique, to keep the situation in Mozambique under constant review and to submit a report on the progress achieved in time for the matter to be considered by the Assembly at its thirty-fifth session.
2. In its resolution 460 (1979), adopted on 21 December 1979, the Security Council, in paragraph 5, called upon all States Members of the United Nations and the specialized agencies to provide urgent assistance to Southern Rhodesia (Zimbabwe) and the Front-Line States for reconstruction purposes and to facilitate the repatriation of all refugees or displaced persons to Southern Rhodesia. Further, in paragraph 8, the Security Council requested the Secretary-General to assist in the implementation of paragraph 5 by organizing, with immediate effect, all forms of financial, technical and material assistance to the States concerned in order to enable them to overcome the economic and social difficulties facing them.
3. In pursuance of these regulations, the Secretary-General arranged for a mission to visit Mozambique in February 1980 to consult with the Government. The report of the mission, which is annexed hereto, describes the economic and financial position of the country, provides a list of the Government's priority requirements to deal with the serious economic situation, and lists the projects and programmes necessary for reconstruction and to enable Mozambique to overcome the economic and social difficulties facing it.

* A/35/50.

A/35/297

S/14007

English

Page 2

4. In paragraph 14 of resolution 34/129, the General Assembly invited a number of specialized agencies and other organizations of the United Nations system to bring to the attention of their governing bodies, for their consideration, the assistance they are rendering to Mozambique and to report the results of that assistance and their decisions to the Secretary-General in time for consideration by the General Assembly at its thirty-fifth session. The responses of the agencies and organizations will be reproduced in a report of the Secretary-General covering Mozambique and the other countries for which the General Assembly has requested the Secretary-General to organize special economic assistance programmes.

ANNEX

Report of the review mission to Mozambique
 (8-17 February 1980)

CONTENTS

	<u>Paragraph</u>	<u>Page</u>
I. INTRODUCTION	1 - 9	2
II. SUMMARY OF PRINCIPAL FINDINGS	10 - 28	4
III. REVIEW OF THE ECONOMIC AND FINANCIAL SITUATION	29 - 50	6
A. General	29 - 35	6
B. Government finances	36 - 47	7
C. Balance of payments estimates	48 - 50	12
IV. SPECIAL FEATURES OF THE SITUATION IN MOZAMBIQUE	51 - 67	14
A. Food and fertilizer situation	51 - 64	14
B. Refugees	65 - 67	21
V. NEEDS FOR REHABILITATION AND RECONSTRUCTION	68 - 131	22
A. Transport	69 - 108	22
1. Railways	72 - 84	22
2. Seaports	85 - 98	24
3. Reconstruction requirements	99 - 104	27
4. Airports	105 - 108	30
E. Telecommunications	109 - 111	31
C. Rehabilitation of agriculture in border areas	112 - 131	32
1. Manica province	116 - 122	32
2. Gaza province	123 - 127	34
3. Tete province	128 - 131	35
VI. PROGRESS IN IMPLEMENTING SPECIAL ECONOMIC ASSISTANCE PROGRAMMES	132 - 149	37
A. International assistance to Mozambique in 1979	133 - 134	37
B. Projects requiring assistance	135 - 149	41

I. INTRODUCTION

1. Previous reports of the Secretary-General on assistance to Mozambique (A/34/377, A/33/173 and Corr.1, A/32/96, A/32/268; E/5812 and Corr.1 and Add.1) listed various resolutions adopted by the Security Council, the General Assembly and the Economic and Social Council, and reports submitted to them by the Secretary-General on assistance to Mozambique.
2. On December 1979, the General Assembly adopted resolution 34/129 on assistance to Mozambique. In this resolution the Assembly called upon the international community to provide financial, material and technical assistance to Mozambique and requested the Secretary-General to arrange for a review of the economic situation of Mozambique and the progress made in organizing and implementing the special economic assistance programme for that country in time for the matter to be considered by the Assembly at its thirty-fifth session.
3. Following the successful outcome of the Lancaster House Conference in producing agreement on a constitution for a free and independent Zimbabwe, and on arrangements for a cease-fire, the Security Council at its 2181st meeting on 21 December 1979 adopted resolution 460 (1979). In this resolution the Security Council, in operative paragraph 5, called upon Member States and the specialized agencies to provide urgent assistance to Southern Rhodesia and the Front-Line States for reconstruction purposes and to facilitate the repatriation of all refugees or displaced persons to Southern Rhodesia. In operative paragraph 8, the Secretary-General was requested to assist in organizing financial, material and technical assistance to the States concerned.
4. In response to Security Council resolution 460 (1979) and General Assembly resolution 34/129, the Secretary-General arranged for a mission to visit Mozambique from 8 to 17 February 1980, to consult with the Government on the economic situation, the progress made in implementing the special economic assistance programme and the needs for rehabilitation and reconstruction. The mission was led by the Joint Co-ordinator of Special Economic Assistance Programmes in the Office for Special Political Questions and included representatives of the Food and Agriculture Organization of the United Nations (FAO), the United Nations Conference on Trade and Development (UNCTAD) and the Department of Technical Co-operation for Development of the Secretariat.
5. The Government of Mozambique appointed a commission, headed by the Minister of Transport and Communications, to make all necessary preparations for the mission's work. Throughout its stay in Mozambique the mission met regularly with a committee of officials from the Ministry of Public Works and Housing, the Ministry of Foreign Affairs, the Ministry of Finance, the Ministry of Agriculture, the Ministry of Internal Trade and the Ministry of External Trade. The mission also had discussions with senior officials of the National Energy Board and the National Planning Commission. In addition, the mission met with members of the diplomatic community to give them a preliminary briefing on its findings.

6. Arrangements were made by the Government of Mozambique for some members of the mission to visit Beira, to undertake an assessment of the situation in the port and in the railway workshops.
7. A number of background papers had been prepared by the Government of Mozambique to facilitate the work of the mission. These papers dealt with the budgetary situation, the balance-of-payments position, food requirements for 1980, and the requirements for rehabilitation and reconstruction of the transport and communications sector and of agriculture in the border regions.
8. The Joint Co-ordinator of Special Assistance Programmes in the Office for Special Political Questions returned to Mozambique to discuss the draft report of the mission in the light of reconstruction and development programmes in Zimbabwe. He was received by the Minister of Finance, the Minister of Internal Trade, the Minister of Ports and Surface Transportation, and the State Secretary for Coal and Hydrocarbons.
9. The mission wishes to place on record its appreciation of the assistance it received from the Government of Mozambique. The Government had made a major effort to prepare for the mission's visit and all information required for the review was provided. The mission also wishes to acknowledge the assistance it received from the Resident Representative of the United Nations Development Programme (UNDP) and other representatives of the United Nations system in Mozambique.

II. SUMMARY OF PRINCIPAL FINDINGS

10. The economy of Mozambique has shown signs of improvement over the past two years. The shortage of foreign exchange remains critical.
11. The industrial sector continues to suffer from a shortage of raw materials and spare parts, which results in low levels of output.
12. In 1979, notable increases in output were recorded for tea, sugar and prawns, which contributed to a 40 per cent increase in the value of exports as compared to 1978.
13. Economic activity was seriously disrupted in five provinces as a result of shelling, aerial bombardment and incursions by the forces of the illegal régime in Southern Rhodesia. ^{a/} The direct losses were estimated at \$26 million in 1979 alone. A number of road and railway bridges were damaged, two dredges at Beira port were sunk and one power station was destroyed.
14. As a result of strict control of expenditures, the Government has estimated that it was able to achieve a small recurrent surplus of about \$10 million in 1979. A recurrent deficit of about \$66 million is forecast in the 1980 budget.
15. The Government has estimated that the over-all balance-of-payments deficit for 1979 approximated \$140 million and that the deficit for 1980 will be about the same level. There is, therefore, a critical need for international assistance, particularly in the form of balance-of-payments support.
16. During 1979, Mozambique received international assistance from a number of sources. The assistance provided or pledged as a result of major agreements entered into during the year amounted to \$113 million.
17. More than half of the Government's total expenditure for 1980 is allocated to the economic sectors, largely agriculture, public works, transport and communications, in order to strengthen the basic infrastructure and to provide a foundation for economic development.
18. Total investment in 1980 is expected to exceed \$660 billion. Nearly 76 per cent is to be financed by the state budget, 19 per cent by bank credit and 5 per cent by self-financing enterprises. Foreign assistance will cover only about 23 per cent of the Government's share of investment.
19. Mozambique faced a severe maize shortage in 1979 as a result of drought and the disruption of production by attacks carried out by the forces of the

^{a/} Southern Rhodesia acceded to independence at midnight, 17 April 1980, as the Republic of Zimbabwe.

illegal régime in Southern Rhodesia. The Government had to import large quantities of wheat, maize and rice.

20. The country is also suffering from a major drought in 1980 and large food imports will be necessary. It is estimated that, in addition to commercial purchases and food aid already pledged, 48,500 tonnes of wheat, 190,000 tonnes of maize and 20,000 tonnes of rice will have to be imported during the remaining months of the year. External financing is urgently required for these food imports. Fertilizer requirements will total nearly \$15 million.

21. Mozambique will require international assistance in three major areas in order to rehabilitate its economy: transport, telecommunications and agriculture in the border areas.

22. In the transport sector, nearly \$127 million will be needed to rehabilitate ports, railways and airports.

23. Necessary investments in telecommunications are estimated at about \$2 million, primarily for the purchase of equipment, spare parts and vehicles.

24. As normal agricultural activities in the border areas were seriously interrupted for nearly four years, the Government of Mozambique needs immediate financial and technical assistance to improve over-all conditions in the three most seriously affected border provinces (Manica, Gaza and Tete). In total, nearly \$13 million will be required for rehabilitation in these three provinces.

25. The Government of Mozambique urgently requires international assistance for three projects to repair damage arising from the actions of the illegal régime in Southern Rhodesia. These projects concern the reconstruction of generators in Muvuzi, the repair of petroleum facilities in Beira and the installation of emergency supplies of electricity for Sofala province. The estimated cost of these three projects is about \$4.5 million.

26. Furthermore, an additional \$5 million is needed to complete the construction of warehouses for the food security reserve stock.

27. The Government also identified a number of major development programmes for which foreign investment is desired. These include forestry projects, cotton development, coal and oil exploration and development, and a major bulk handling facility for coal at Maputo port.

28. In summary, the assistance required for rehabilitation and reconstruction is about \$152 million. Further, about 258,500 tonnes of maize, wheat and rice are needed in 1980, in addition to food aid already pledged.

III. REVIEW OF THE ECONOMIC AND FINANCIAL SITUATION

A. General

29. The economy of Mozambique was described in some detail in previous reports of the Secretary-General on assistance to Mozambique (A/32/96 and A/33/173 and Corr.1). Although the economy has shown signs of improvement over the past two years, the country's economic and financial position remains grave.

30. The industrial sector lacks raw materials and spare parts as a result of the country's shortage of foreign exchange. Industrial production is still much below capacity, although a number of industries which were allocated additional foreign exchange for the purchase of machinery, spare parts and raw materials were able to increase output. For example, coal production increased by more than 25 per cent in 1979, as compared to the year before. However, coal exports were interrupted when a number of railway bridges on the Moatize line were damaged as a result of war activities in the area. The quantity of tea exported more than doubled in 1979 compared to 1978, although the value only increased by 67 per cent as a consequence of lower prices. The production of sugar increased by nearly 25 per cent and the value of sugar production more than quadrupled as a result of higher prices. Notable results were also achieved in prawn fishing, as a result of a gear improvement scheme, and in the export of cotton; increases in the value of exports in 1979 compared to 1978 were 42 per cent and 75 per cent respectively. Groundnut production reached 10,000 tonnes. In summary, the Government estimates that the value of exports in 1979 was about 40 per cent higher than in 1978.

31. The Government continues to emphasize a number of major developmental objectives: to improve agricultural productivity and increase agricultural output; to achieve 1973 levels of output in selected industries; to increase exports; and to strengthen the transport and communication sectors. Improvements in the transport sector are particularly important if Mozambique is to regain the earnings from transit trade which were lost by the application of sanctions against Southern Rhodesia.

32. Normal economic activity was seriously disrupted in five of Mozambique's 10 provinces as a result of shelling, aerial bombardment and incursions by the forces of the illegal régime in Southern Rhodesia. The Government's estimate of direct damages caused by enemy aggression was circulated as Security Council document S/13706 dated 22 December 1979. The document lists major incidents and provides an estimate of damages for the years 1976 to 1979.

33. In 1979, the direct losses from attacks were estimated at nearly \$26 million. This estimate covers only the destruction of equipment, buildings and infrastructure. It does not include the losses due to the disruption of economic activities and makes no allowances for the cost of emergency measures to deal with the situation.

34. The most heavily affected province was Sofala: two railway bridges along the Moatize line were damaged; two dredges at Beira port were sunk and two of the main

generators at the hydroelectric power station at Mavuzi were damaged. In addition, the petroleum facilities at Beira were attacked and pipelines, oil depots and pumping stations were destroyed.

35. In the province of Gaza, three road bridges over the rivers of Conhane, Changane and Mazimuchopes were destroyed, and the Limpopo and Chokwe dams were partially destroyed. In the province of Manica, road bridges at Barue and Maminga were destroyed together with other economic and social infrastructure.

B. Government finances

36. Previous reports emphasized the Government's awareness of the need for a fundamental reorganization of the system of public finance in Mozambique. During the past two years, the Government has implemented a wide-ranging reform whereby the operations of most governmental and parastatal organizations were brought under the regular budget and appropriations system. Furthermore, the Government has introduced major reforms of the tax system with higher and more progressive taxes aimed at mobilizing additional revenue.

37. The regular Government budget for 1979 had projected current revenues of Esc. (Escudos) 12.0 billion ^{b/} and current expenditures of Esc. 14.2 billion giving a projected current deficit of Esc. 2.2 billion. Preliminary actual figures show that current revenues at Esc. 11.5 billion were slightly lower than projected. However, expenditures were strictly controlled by the Government and are provisionally estimated at only Esc. 11.2 billion, some 79 per cent of the budget. Thus, instead of a projected current deficit of Esc. 2.2 billion there was a small surplus of Esc. 300 million.

38. Further progress was made in the preparation of the state budget for 1980 as a single document incorporating the operating expenses of both the state apparatus and parastatal institutions and the investments to be made in each sector. This procedure has enabled the Government to have a clearer view of the resources allocated to the various sectors and to carry out improved financial planning on a nationwide basis. Government current revenue is estimated at Esc. 15 billion and current expenditure at Esc. 17 billion. Although the projected deficit for 1980 is lower than the projected deficit in previous years, strict control over the utilization of material and financial resources will continue to be required.

39. The following table (table 1) shows the broad sectoral allocation of government current expenditures in the state budget for 1980. The Government investment programme is not included in the current budget.

^{b/} The national currency is the Escudo; all conversions in this report have been at the rate 1,000 Escudos equals \$33.00.

Table 1

Sectoral allocation of government current expenditure, 1980
(In millions of Escudos)

<u>Sector</u>	<u>Amount</u>
Economic	4,272
Social	4,758
Other	<u>7,970</u>
Total	17,000

Investment

40. The national investment programme for the two-year period 1978-1979 was described in some detail in the report of the Secretary-General (A/34/377 and Corr.1). Briefly, the programme involved total investments of \$460 million of which \$320 million constituted the Government's share. Final figures on the implementation of 1978-1979 investment programme are not yet available but it is estimated that approximately 60 per cent of the programme was carried out.

41. The national programme for investment for 1980 as set out in the Budget Act (Act No. 13/79 of 26 December 1979) is shown in table 2.

Table 2

National Programme of Investment: 1980 by sectors

(In millions of Escudos)

(a) <u>Economic sectors</u>	
Agriculture	3,848
Industry and energy	2,105
Transport and communications	4,560
Internal trade	514
Public works and housing	4,553
Others	<u>785</u>
	16,365
(b) <u>Social sectors</u>	
Education	548
Health	<u>390</u>
	1,038
(c) <u>Other sectors (including the budgetary reserve)</u>	<u>2,603</u>
Total	<u>20,006</u>

42. The share of the State budget, including foreign assistance in this programme, is approximately 75 per cent, or Esc. 15,147 million. The remainder of the programme is to be covered by bank financing or by self-financing by enterprises.

43. Foreign financing has been arranged for the following projects which are included in the Government's investment programme:

<u>Project</u>	<u>Source of funding</u>
Central-North-East highway	African Development Bank
Tea rehabilitation project	African Development Bank
Lioma agricultural project	African Development Bank
Irrigation survey of Pequenos Libombos	African Development Bank
Monap programme (various agricultural projects)	Nordic countries
Strengthening of the Maputo pumping station	Denmark
Poultry processing plant and other types of agricultural equipment	Denmark
Various transport sector studies	Sweden and Norway
Pilot road maintenance project	Norway
Feasibility study of irrigation of Massingir	Kuwait
Survey for Central-North high-tension line	Sweden
Construction and maintenance of the Central-North high-tension line	France and Italy
Umbeluzi Valley irrigation and drainage project	FAO
Extension of the Nacala power station	Netherlands
Inventory of hydroelectric resources	Norway
Forestry development project	UNDP
Manica forest industry	SIDA/BADEA

44. The sectoral distribution of investment to be financed by the state budget and the share of external resources in financing each sector are shown in table 3. In total, foreign finance is expected to cover only 22.75 per cent of the investment programme. The state budget and other domestic sources of finances will need to provide 77.25 per cent of the resources needed for the investment programme unless significant increased international assistance is provided. The Government cites shortage of resources as one of the major reasons for the partial implementation of the 1978 and 1979 investment programmes, which were only about 60 per cent implemented. There is, therefore, an urgent need for additional international assistance if the 1980 investment programme is to be carried out.

Table 3

<u>Sector</u>	<u>Investment</u> (thousands of Escudos)	<u>Percentage of</u> <u>total investment</u>	<u>Share of actual investment, by foreign financing source</u>
A. Economic sectors			
Agriculture	3 841 038	25.4	MONAP s/, 22.19; Sweden, C.I.I; Netherlands, 0.76; Denmark, 2.36; ADB, 9.83; UNEP, 0.08. (35.33)
Industry and energy	1 381 898	9.1	Sweden, 14.76; Netherlands, 13.97; UN, 3.80; Norway, 1.99; United Kingdom, 8.55. (43.07)
Transport and communications	434 226	2.9	EEC, 10.13; Sweden, 4.60; UNDP, 3.63; WHO, 0.27. (18.63)
Internal trade	514 000	3.4	MONAP, 12.06; United States, 38.27. (50.33)
Water supply, dams and irrigation	872 622	5.8	Bulgaria, 9.07; Denmark, 1.14; Netherlands, 3.67; FAO, 1.45; UNICEF, 1.51. (16.54)
Highways and bridges	1 349 816	8.9	ADB, 24.52; Sweden, 0.73; OPEC, 5.11; United Kingdom, 7.30; Netherlands, 2.62; MONAP, 0.48. (41.76)
Various construction, housing and physical planning	961 182	6.3	Nil
Equipment for public works	1 369 678	9.1	Nil
Others	784 990	5.2	Sweden, 0.034. (0.034).
B. Social sectors			
Education	647 604	4.3	Sweden, 12.16; Netherlands, 0.67; Norway, 12.06; Denmark, 1.57; France, 1.01; UNESCO, 0.39; UNICEF, 1.89; World Lutheran Federation, 0.36; USSR, 24.86; US, 0.10; Other, 0.254. (55.32)
Health	386 655	2.5	Sweden, 9.80; UNDP, 1.04; Terre des Hommes, 3.10; Switzerland, 3.49. (17.44).
Other	2 603 958	17.1	Netherlands, 0.61. (0.61).
<u>Total</u>	<u>15 146 769</u>	<u>100</u>	<u>(22.75)</u>

Source: Government of Mozambique.

s/ MONAP is the Mozambique Nordic Agricultural Programme financed by the five Nordic countries, on an agreed basis. For example, in 1980, the relative shares are expected to be: Denmark, 22.94 per cent; Finland, 15.77 per cent; Iceland, 0.72 per cent, Norway, 16.13 per cent, and Sweden, 44.44 per cent.

45. The following table (table 4) shows the sectoral allocations of total Government expenditure, recurrent and investment, in the state budget for 1980.

Table 4

Sectoral allocations of government expenditures, 1980
(In millions of Escudos)

<u>Sectors</u>	<u>Amount</u>
Economic	16,781,722
Social	5,792,678
Defence and security	4,735,600
Remaining branches of Government	3,416,769
Public debt and other state expenditures	1,420,000
Total	<u>32,146,769</u>

Source: Based on information provided by the Government of Mozambique.

46. It will be noted from table 4 that the Government has allocated more than half of its total expenditure to the economic sectors. More than three quarters of the Government's investment expenditure is allocated to agriculture, public works and transport and communications in order to strengthen the basic infrastructure.

47. Nearly one fifth of government expenditure is expected to be spent in the social sectors, largely education, health and social security, with priority given to the completion of programmes already underway.

C. Balance of payments (estimates)

48. The information available indicates that Mozambique is likely to face a serious balance-of-payments deficit for some time, in spite of the improvements which have occurred and the reopening of the border with Zimbabwe. There have been significant increases in exports of certain products despite the difficulties Mozambique has experienced as a result of natural calamities and aggression by the illegal régime of Southern Rhodesia during recent years. Table 5 shows the balance-of-payments estimates for the period 1976-1980.

Table 5

Balance of payments estimates

(In millions of Escudos)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u> (estimates)
A. <u>Merchandise trade</u>					
Imports	13,068	16,335	16,000	18,500	23,000
Exports	<u>4,851</u>	<u>4,950</u>	<u>5,340</u>	<u>8,300</u>	<u>12,700</u>
Balance	-8,217	-11,385	-10,660	-10,200	-10,300
B. <u>Invisible items</u>					
Payments	3,168	2,970	2,500	2,370	4,000 b/
Receipts a/	<u>8,019</u>	<u>5,600</u>	<u>6,540</u>	<u>6,600</u>	<u>8,000</u> b/
Balance	4,851	3,630	4,040	4,230	4,000 b/
C. <u>Capital account</u>					
Balance	-1,715	-1,650	-625	-900	-
D. Overall balance	-5,081	-6,105	-7,245	-6,870	-6,300

Source: Government of Mozambique.

a/ Includes foreign assistance.

b/ Includes estimated net capital movements.

49. The increased value of imports reflects the higher prices of crude oil and the investment programme of the Government. For example, imports of equipment rose from Esc. 3,520 million in 1978 to Esc. 6,270 million in 1979.

50. In 1980 the value of exports is expected to increase by more than 53 per cent and that of imports by about 25 per cent, compared to 1979. The projected trade deficit at Esc. 10,350 million (about \$US 312 million) is approximately the same as in 1979.

IV. SPECIAL FEATURES OF THE SITUATION IN MOZAMBIQUE

A. Food and fertilizer situation

51. In spite of the Government's major efforts to reorganize the agricultural sector and the high priority which has been given to agricultural development, the country has not been able to achieve self-sufficiency in food production. Among the major reasons for the food shortages are changes in the consumption habits of the population, shortages of essential agricultural inputs and a series of natural calamities in the years following independence.

52. Because Mozambique is faced with a chronic shortage of foreign exchange, food aid has made a significant contribution to the development effort. A large volume of resources would have had to be diverted from the development of the productive sectors to purchase food if international food aid had not been available.

53. The following table shows the amount of food aid received by Mozambique in the last three years:

Table 6

<u>Products</u>	<u>Aid received (tonnes)</u>		
	1977	1978	1979
Wheat	109,158	80,580	79,737
Rice	4,842	4,889	16,003
Maize	-	-	27,193
Wheat flour	-	-	1,225
Butter-oil	-	547	110
Tinned fish (1,000 tins)	953	1,190	-
Tinned meat (1,000 tins)	-	821	-

54. For the year 1979, Mozambique received most of the food assistance which had been pledged and the food was distributed on time, thus avoiding starvation in the most seriously affected areas. Donations of the three major food items in 1979 are shown in table 7.

Table 7
Food donations, 1979
(in tonnes)

<u>Country</u>	<u>Wheat</u>	<u>Maize</u>	<u>Rice</u>
United States of America	-	30,000	15,800
Denmark	27,168		
Sweden	19,100	9,500	
EEC	16,500*		
Canada	11,000		
United Kingdom of Great Britain and Northern Ireland	7,500		
Italy	3,000*		
Belgium	1,600		
Australia	1,100		
	<u>89,968</u>	<u>39,500</u>	<u>15,800</u>
	<u><u>89,968</u></u>	<u><u>39,500</u></u>	<u><u>15,800</u></u>

* Still to be delivered.

Source: Government of Mozambique.

55. Food production in Mozambique was severely hampered by the intensification of attacks carried out by the forces of the illegal régime in Southern Rhodesia until late 1979. Bridges were blown up, roads damaged and agricultural stations were destroyed. Further, many families had to be evacuated from the seriously affected areas before they were able to plant their crops. In addition, in 1979 the country suffered from a drought which destroyed the maize crop in six of 10 provinces, particularly in southern Mozambique. The Government estimated that 480,000 families were directly affected by the drought in 1979 and that 100,000 tonnes of maize was lost.

Food requirements in 1980

56. With the coming of sufficient rains during the early planting period towards the end of 1979, the outlook for cereals for 1980 appeared to be satisfactory. However, precipitation in December was below normal in the south and centre of the

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country and the January rains were well below normal everywhere, and especially inadequate in southern Mozambique. The rainfall data for the last three months of 1979 and for January 1980 are shown in table 8. Although detailed measurements are not available, rainfall during February and March was also well below normal leading to a massive crop failure.

Table 8

Mozambique: monthly rainfall
(in millimeters)

	<u>South</u>	<u>Centre</u>	<u>North</u>
October 1979	101.0 (50.0) <u>a/</u>	56.8 (n.a.)	0 (n.a.)
November 1979	52.3 (80.3)	34.6 (n.a.)	213.3 (n.a.)
December 1979	80.6 (109.2)	77.5 (186.6)	241.7 (209.1)
January 1980	33.8 (128.6)	180.6 (226.9)	104.1 (270.4)

Source: Based on information provided by the Government of Mozambique.

a/ Figures in brackets show 10-year monthly average.

57. At the time of the mission's visit to Mozambique in February 1980, the Government estimated that domestic maize production would only be about 15 per cent lower than in the previous year. On this basis, a preliminary estimate of the projected food aid requirements of maize, wheat and rice for 1980 was drawn up (table 9).

Table 9
Requirements of major cereals in 1980
(in tonnes)

	Consumption <u>a/</u>	Marketed domestic production	Imports required	Uncovered needs <u>b/</u>
Wheat	150,000	-	150,000	48,000
Maize	250,000	105,000	145,000	105,000
Rice	130,000	60,000	70,000	43,900
<u>Total</u>	<u>530,000</u>	<u>165,000</u>	<u>365,000</u>	<u>196,900</u>

Source: Government of Mozambique.

a/ Excluding cereals grown and consumed on the farms.

b/ After deducting commercial purchases and food aid pledges.

58. From the figures in table 9, the need for food assistance from the international community is clear. Imports of cereals were projected at 68 per cent of Mozambique's commercial requirements for 1980. Commercial purchases and food aid totalled 168,000 tonnes, leaving a balance of nearly 197,000 tonnes as uncovered needs of the three major cereals. At the end of January 1980, the following food aid pledges had been received (table 10).

Table 10
Food aid pledges
(in tonnes)

<u>Wheat</u>		<u>Maize</u>		<u>Rice</u>	
Sweden	20,000	Yugoslavia	10,000	Japan	1,695
United Kingdom of Great Britain and Northern Ireland	15,000	WFP	5,400		
Denmark	10,000				

Source: Government of Mozambique.

59. However, the drought which has been affecting almost all of the country has necessitated a re-evaluation of the food requirements for 1980. The Government has provided an estimate of the number of people affected by drought, including children in the 0-4 age group, by area of residence (table 11).

Table 11
Population affected by drought

<u>Provinces</u>	<u>Percentage of population</u>	<u>Number of persons</u>	<u>Children 0-4 years (numbers)</u>
Cabo Delgado	64	621,248	101,248
Tete	97	809,853	154,230
Manica	75	475,125	182,000
Sofala	80	919,280	94,050
Inhambane	90	916,740	106,200
Gaza	80	790,960	144,320
Maputo	40	482,640	84,080
<u>Total</u>	-	<u>5,015,846</u>	<u>920,128</u>

60. The estimate shows that 40 per cent of the total population of the country has been affected by drought and that 42 per cent of the estimated population in the 0-4 age group is facing a serious food shortage.

61. The Government has introduced a number of emergency measures to alleviate the situation in the drought-stricken areas. Maize and beans have been transferred from provinces where there are still some stocks to assist the most seriously affected areas even though this meant reduced supplies for the milling industry. At the same time, the export of beans has been prohibited and the quantity of ground-nuts for delivery to the oil mills has been restricted. Despite these emergency measures, the Government has estimated that 120,000 tonnes of maize are required for distribution in the most seriously affected areas (see table 12).

Table 12

Estimated requirements of maize
 (tonnes)

<u>Provinces</u>	
Cabo Delgado	5,000
Tete	25,000
Manica	21,600
Sofala	30,000
Inhambane	12,200
Gaza	13,200
Maputo	13,000
	<hr/>
	<u>Total</u> 120,000
	<hr/>

62. The estimated requirements in table 12 are based on an annual per capita consumption of 23.92 kilograms of maize. The Government has requested the Food and Agriculture Organization of the United Nations and the World Food Programme to send a mission to assess the food requirements for the balance of 1980. However, on the basis of the above estimates of need, commercial purchases and food aid so far pledged, the minimum requirements for the balance of 1980 would appear to be 20,000 tonnes of rice, 190,000 tonnes of maize, and 48,500 tonnes of wheat.

Fertilizers

63. If the Government's target for food production for 1981-1982 is to be met, it is imperative that fertilizers be imported for distribution in April and May of 1981. The following table (table 13) provides information on fertilizer imports required for the 1981-1982 crop, as well as raw materials required for fertilizer plants:

Table 13

Requests for fertilizers and raw materials
 for fertilizer plants, 1981

<u>Raw materials a/</u>	<u>Tonnes</u>	<u>Value</u> (in United States dollars)
Diammonium phosphate	7,000	2,000,000
Urea (46 per cent)	1,000	300,000
Potassium chlorate	3,000	700,000
Ammonium	4,000	1,500,000
Sulphur	2,000	600,000
Phosphate rock	2,000	80,000
		<hr/>
	Subtotal	\$5,180,000
 <u>Fertilizers</u>		
Urea (46 per cent)	10,000	3,000,000
Calcium ammonium nitrate	15,000	2,100,000
Triple super phosphate	5,000	1,250,000
Potassium chlorate	1,500	150,000
Ammonium nitrate	2,000	400,000
<u>Compound fertilizers:</u>		
NPK 4.18.15	1,000	620,000
NPK 6.18.15	500	125,000
NPK 24.8.8.	7,000	2,100,000
		<hr/>
	Subtotal	\$9,745,000

a/ These raw materials would allow production of 18,000 metric tonnes of ammonium sulphate, 4,000 metric tonnes of 18 per cent super phosphate and 16,500 metric tonnes of NPK compound fertilizers.

64. It should be noted that, if Mozambique is unable to import the necessary raw materials for the fertilizer factories, the required fertilizer imports will be correspondingly higher.

B. Refugees

65. During 1979, the number of refugees in Mozambique continued to rise at a rate of 4,000 per month and by the end of the year about 150,000 Zimbabweans were receiving international relief assistance in Mozambique.

66. Following the cease-fire in Southern Rhodesia, a major repatriation exercise was initiated in co-operation with the Office of the United Nations High Commissioner for Refugees (UNHCR). Under the procedures laid down in the Lancaster House Agreement, 10,935 Zimbabwean refugees were repatriated during the first phase of this exercise, which ended by 24 February. A number of refugees appear to have returned on their own. At the time of the mission's visit, there were about 100,000 refugees in five major organized settlements and about 20,000 in spontaneous settlements or transit camps awaiting repatriation.

67. Even though most Zimbabwean refugees are expected to be repatriated in the near future, there will be some remaining in Mozambique for reasons of education and health. There will thus be a continuing need to provide international assistance for those Zimbabwean refugees.

V. NEEDS FOR REHABILITATION AND RECONSTRUCTION

68. There are three principal areas in which Mozambique requires international assistance in order to rehabilitate its economy and to carry out a normal development programme. These are transport, telecommunications and rehabilitation of agriculture in border areas.

A. Transport

69. The weak internal transportation system is one of the basic constraints on Mozambique's economic development. The country has no north-south rail link. The secondary and feeder road system which is necessary to connect Mozambique's rural population to market centres and urban concentrations is inadequate.

70. The transport system deteriorated in the years prior to independence as funds for maintenance and investment were reduced. In addition, the exodus of trained personnel left gaps in management, organization and technical skills. At independence there were serious shortages of spare parts and equipment.

71. The closure of the border with Southern Rhodesia in March 1976 shifted traffic away from established routes. This resulted in unemployment, a sharp decline in traffic and a substantial reduction of foreign exchange earnings. The rehabilitation of Mozambique's transportation system is of utmost importance for the whole region. Considerable international assistance is urgently required to allow the system to handle traffic from Zimbabwe, Zambia and Botswana.

1. Railways

72. The railways in Mozambique are operated by the Companhia Ferroviaria de Mozambique (CFM). The CFM system consists of three mainlines: south, central and north. The south and central line connect with one another through Zimbabwe, while the central line connects with the line in the north through Malawi.

73. CFM(s), the southern railway system, is made up of three principal sections:

(a) Maputo - Goba (74 km) connecting to Swaziland Railways;

(b) Maputo - R. Gancia (88 km) connecting to South Africa Railways;

(c) Maputo - Chicualacuala (534 km), also known as the Limpopo Railway, connecting to Zimbabwe Railways.

74. The Maputo-Chicualacuala rail line was very heavily damaged during the liberation struggle and by the attacks of the illegal forces in Southern Rhodesia. A total of 150 km of track, of which 90 km are inside Zimbabwe, have to be replaced and for an additional 75 km specific parts, such as clips and concrete sleepers, have to be renewed.

75. In addition, three rail/road bridges in Gaza province need to be reconstructed. The road bridge over the Changane river and the Maxim Chopes railroad bridge have been totally destroyed. The Macarretane dam rail/road bridge has been damaged and will need considerable repairs to allow traffic to be carried.

76. Along the Limpopo line water supply points, telephone lines and long-distance communications were affected by war damage or by lack of maintenance over a long period of time. The Government envisages that it will take between 6 to 9 months to bring this line to operating level inside Mozambique. However, before normal operating conditions can be resumed, the necessary repairs will also have to be carried out inside Zimbabwe.

77. CFM(c), the central railway system, consists of three principal sections and two branch lines. The principal sections are:

- (a) Beira - Machipanda (317 km) connecting to Zimbabwe Railways;
- (b) Dona Anna - Moatize (254 km) connecting to Mozambique's coal deposits;
- (c) Dondo - Villa Nova (335 km) connecting to Malawi.

78. The two branch lines are:

- (a) Inhamitanga - Mannomeu (88 km);
- (b) Quelimane - Mocuba (145 km).

79. The central line suffers from a lack of signalling equipment, and the track and road-bed are in poor condition owing to insufficient maintenance and war damage. This is particularly true of the Beira - Machipanda section. The condition of the track and the weight restrictions on the bridges do not allow the use of diesel locomotives. The railway authorities have decided to concentrate the use of locomotives on the central line and to transfer the steam locomotive workshop from Maputo to Beira.

80. The track section between Beira - Dondo (28 km) is at present in extremely poor condition and in view of the expected increase in traffic, especially of transit goods to and from Zambia, Zimbabwe and Malawi, the railway authorities consider it necessary to double track this particular section.

81. The CFM(n), the northern railway system, consists of a simple mainline from the port of Nacala to Lichinga (about 500 km), with branch lines from Cuamba to Entre Lagos connecting to the Malawi railway system. The northern line suffers from relatively long turn-around times, especially on the through routes to Malawi, from inadequate signalling equipment and a shortage of freight wagons (only about 850 are available). Railway authorities consider it necessary to upgrade the Nacala line in order to handle Malawi's growing traffic and the growth in domestic imports and exports.

82. In Mozambique, maintenance of locomotives and rolling-stock is carried out in shops at Maputo, Beira and Nampula. These three workshops suffer from the same basic deficiencies: lack of skilled manpower, shortage of spare parts and few precision tools.

83. The railway workshops at Maputo are the most spacious and are used mainly for the repair of wagons and diesel locomotives. The workshops in Beira are used for repairs of steam locomotives. At the present time some 18 steam locomotives need major repair and reconditioning. The workshops are capable of handling four or five locomotives, and the time needed to repair and recondition a steam locomotive is estimated at approximately 4 to 6 months. Hence, considering the lack of availability of spare parts, shortage of skilled manpower, etc., it will take at least two years to repair and recondition 18 steam locomotives.

84. The railway workshop at Nampula which serves the northern line has facilities to repair diesel locomotives. Recently a new maintenance shed has been constructed which will contribute to increasing the capacity of the northern line.

2. Seaports

85. The expected increase in traffic will have its immediate impact on Mozambique's major seaports and, therefore, improvements are required urgently. Mozambique is served by three major seaports: Maputo/Matola, served by the southern line; Beira, served by the central line; and Nacala, served by the northern line. Maputo and Beira ports need substantial investments in order to handle the expected increase in traffic.

Maputo/Matola

86. The deepwater port of Maputo has modern cargo handling facilities. There is more than 3 km of alongside berthing, providing 17 berths, including a steel wharf, a container wharf, a coal loading plant and a mechanized sugar terminal. At Matola, there is an oil wharf, an oil jetty, timber loading facilities and bulk-handling facilities for ores.

87. The port of Maputo is a major outlet for South Africa and Swaziland. When the Limpopo line is in operation for Zimbabwe exports, it is expected that coal, sugar, containers, steel and chrome will move through Maputo/Matola. Although the port has adequate portal electric berth cranes, it is suffering from lack of fork-lift trucks, spare parts and skilled labour. Major investments are needed to develop a bulk coal-handling facility near Matola to cater to the expected increase in coal exports from Swaziland and Zimbabwe.

Beira

88. Beira is a tidal port approached by a sea channel some 20 km in length, along which pilotage is compulsory. The depth of the channel, some six metres, limits

the size of the ships to 20,000-25,000 dead-weight tonnes. The channel requires regular dredging, which was previously carried out by one heavy and one light dredger. The dredgers have been sunk by attacks and, as a result, the channel has silted up considerably.

89. The wharf extends for some 1,700 metres. It contains nine berths for general cargo and a facility for fishing vessels. The port also has bulk oil facilities and a conveyor for handling bulk coal. The port has some 55,000 square metres of covered storage and some 310,000 square metres of open storage.

90. Generally, the port operations at Beira are severely hampered by a shortage of forklift trucks for cargo handling, lack of spares, few precision tools in the workshops and few tractor/trailer combinations which are particularly important for containers. There is also a severe shortage of skilled labour.

91. The port needs to be deepened to handle the large increase in coal exports from Moatize. The Government of Mozambique is seeking international financial support for a feasibility study on dredging Beira port in order to permit ships of 60,000 dead-weight tonnes to use it. The cost of a detailed feasibility study of dredging the port is estimated at \$1.7 million.

Nacala

92. The port of Nacala is a natural deepwater port having two wharves totalling in length about 1 km. The present facilities at the port are adequate for existing traffic and consist of four general cargo berths. With minor improvements and additions to cargo handling equipment, the port could easily accommodate substantial additional traffic.

Traffic moved through seaports

93. Mozambique's capacity to handle traffic that moves through its major ports has improved considerably over the past two years. However, the total tonnage handled is still far below the traffic handled in 1973, particularly at Maputo and Beira.

94. In table 14 below, the total tonnage moved through Maputo/Matola, Beira and Nacala is illustrated for selected years since 1973.

Table 14

Total port traffic (imports and exports)

(In thousands of tonnes)

	<u>1973</u>	<u>1975</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
Maputo-Matola	14,167 (100)	10,920 (77)	7,974 (56)	7,634 (54)	8,787 (62)
Beira	2,982 (100)	3,003 (101)	1,737 (58)	1,681 (56)	1,722 (56)
Nacala	793 (100)	758 (96)	702 (89)	600 <u>a/</u> (76)	n.a.

Source: Government of Mozambique.

Percentage of 1973 traffic in brackets.

a/ Estimate.

95. Tonnage moved through the ports of Maputo/Matola showed an increase of more than 15 per cent in 1979 as compared to 1978, and the port authorities expect an even larger increase for 1980 based on traffic for the first two months of the year. As for Beira port, tonnage of export goods has increased by nearly 12 per cent in 1979 as compared to 1978, while import tonnage was more or less unchanged. However, a large increase in tonnage through Beira is expected in 1980.

96. About two thirds of the tonnage handled in Maputo-Matola is transit goods for South Africa and Swaziland. At Beira and Nacala, about one third of the tonnage is for Malawi.

97. Railway lines and seaports in Mozambique have to be examined together. At the present time, they are operating well below the levels of traffic achieved prior to the closure of the border with Southern Rhodesia. In order to accommodate traffic levels which obtained in the past, major investments are required to repair the damage suffered during attacks by the forces of the illegal régime in Southern Rhodesia and to make up for the lack of investment and maintenance which began in the years prior to independence.

98. Traditionally, the Mozambique transport system (port/rail) has served the needs of the interior of southern Africa. Railway transit traffic to Maputo and Beira prior to the closure of the Mozambique-Southern Rhodesia border in March 1976, accounted for three fourths of total railway traffic and over four fifths of CFM's total revenue.

3. Reconstruction requirements

99. In view of its importance to the region, the immediate reconstruction of the transport system network is urgently required. The Government is also anxious to improve the utilization of existing transport facilities. The following assistance is therefore required to upgrade the railway/port sector and to improve operations:

(In thousands of dollars)

Southern railway line (Maputo - Chicualacuala)

- | | |
|---|--------|
| 1. Track repairs, replacement of damaged rails, sleepers and spikes, and provision of necessary equipment | 1,380 |
| 2. Reconstruction of destroyed or damaged bridges due to attacks: | |
| (a) Road bridge over Changane river (completely destroyed) | 400 |
| (b) Macarretane dam road bridge (one pier destroyed and repair of two adjacent spans) | 535 |
| (c) Macarretane rail bridge (15 m reinforced concrete span destroyed) | 500 |
| (d) Mazin'Chopes rail bridge (completely destroyed; need for total reconstruction) | 3,000 |
| 3. Reconstruction of seven damaged water pumping stations, which supply water to railway stations, and population. These stations are Maguda, Chokwe, Aldeiaola Bemagen, Mabelane, Combomuna, Mapai and Chicualacuala | 300 |
| 4. Reconstruction and improvement of communication system including re-erection of overhead lines, installation of long distance communication by radio as well as station-to-station and station-to-locomotives communications | 650 |
| 5. The following rolling stock and equipment is required for railway operations to meet increased railway traffic as a result of opening of the border with Zimbabwe: | |
| (a) rolling stock: | |
| (i) diesel electric locomotives (16 units) including spare parts | 16,000 |

(In thousands of dollars)

(ii) 1,000 wago as follows:

600 drc side	
300 high side	
100 closed	27,000
(b) supporting vehicles, equipment and housing	450
6. Maintenance equipment and precision tools at Mbalane and Chicualacuala workshops	200
7. Additional equipment required for handling of expected volume of traffic at Maputo port: forklift trucks (5 units), wheelloaders (4), tractors (15), trailers - 20 tonnes (30), tires and essential spare parts.	2,600
	<u>53,015</u>

Central railway line (Beira - Machipanda)

1. Doubling of track between Beira and Dondo, and track renewal	10,000
2. Improvement of communications	
(a) radio equipment for station-to-station and station-to-locomotive communication	120
(b) reconstruction of overhead communications line; 2 pairs of overhead lines over a distance of 120 km	250
3. Equipment for railway operations	
(a) purchase of 1,200 wagons made up of the following:	
400 drop side	
400 high side	
200 closed	
200 tankers	40,000
(b) purchase of landrovers and trucks	220
4. Purchase of maintenance equipment and vehicles to improve operations in the workshops	2,000

(In thousands of dollars)

5. In order to permit Beira port to handle the volume of traffic experienced before the closure of the border the following minimum requirements should be acquired:	2,700
(1) forklift trucks-5 ^T (10 units)	
(2) forklift trucks-23 ^T (2 units)	
(3) tractors (5 units)	
(4) 20 ^T - trailers (30 units)	
(5) 12 ^T mobile cranes (4 units)	
(6) forklift trucks for inside containers (3 units)	
(7) 15 ^T forklifts for pallets (2 units)	
(8) 3.5 ^T forklift trucks per work inside vessels (4 units)	
(9) 5 ^T clamps for pulp handling (2 units)	
(10) 35 ^T mobile crane (1 unit)	
(11) 15 sets of tyres for forklift trucks	
(12) articulated arms for leading oil products	
6. Marine works:	
One heavy dredger, two light dredgers, and hydrographic and signal equipment	15,000
	<hr/>
Subtotal	70,290
	<hr/> <hr/>

100. The Government also requires four consultancy studies relating to the following issues:

- (a) Study on the capacity of steam engines on the Central Railway Line

101. In accordance with present government policy, all steam locomotives will be used on the central line for some years. The most serious problem is the lack of well-equipped workshops to carry out necessary repairs. Therefore, the Government requests the services of a consultant for up to six months to propose various alternatives to improve the workshops. Furthermore, the consultant should advise on management issues, including inventory and control of spare parts. Substantial delays in repairs during the past few years have been caused by difficulties in ordering and delivery of spare parts.

(b) Study on the volume of Zimbabwe container traffic likely to use Mozambique ports

102. At the present time, the Government of Mozambique has very limited information on the future level of container traffic and the Government urgently requires the services of consultants. The results of the study are needed to plan future rail and port developments and to assess requirements for cargo handling equipment.

(c) Study of the electrification of the southern line

103. The volume of transit traffic using Maputo/Matola port would appear to justify the electrification of the railway lines. Further, the Government of Zimbabwe is undertaking a pilot electrification project and is studying the possibility of electrification of the railway connecting Zimbabwe to Maputo. Among the major items expected to be exported from Zimbabwe through Maputo are chrome and ferro-chrome, sugar, iron and steel, containers and coal. Indeed, the development of export coal from Zimbabwe and Swaziland is expected to reach more than 5 million tonnes annually within the next five years. Under these circumstances, the Government wishes to have a study carried out on the feasibility of electrifying the whole southern railway system in view of the availability of electric power in the region and the high price of diesel.

(d) Feasibility study of dredging Beira port to accommodate ships of 60,000 dead-weight tons

104. This study is essential for the longer-term planning of Mozambique's transport network.

4. Airports

105. The national airline provides transport services between the northern and southern regions of the country. The domestic airports appear to be satisfactory, considering their limited usage, except for the airport at Beira which needs urgent improvement. In recent years, few investments were carried out because of the relatively low level of traffic. In the new circumstances, the volume of traffic is expected to increase sharply.

106. To bring the airport operations back to normal conditions and to meet international safety regulations, the main runway has to be resurfaced and extended. Furthermore, a navigational light signal system and a modern radio communication system need to be installed.

107. Details of necessary requirements are as follows:

Improvements at Beira airport

(In thousands of dollars)

(a) Resurfacing of main runway by laying 5 cm thick tarmac carpet covering 170,000 m ² , and painting of daylight signalling	1,200
(b) Installation of navigational light signal system	1,900
(c) Installation of radio communication system	370
(d) Installation of meteorological aid equipment	194
	<hr/>
Subtotal	<u>3,664</u>

108. In total, for the rehabilitation of the transport sector (railways, sea and airports), international financial assistance totalling over \$127 million will be required.

B. Telecommunications

109. The Government has reported substantial damage to Mozambique's domestic and international telephone and telex circuits as a result of frequent attacks by the forces of the illegal régime in Southern Rhodesia, during the past few years. For strategic and economic reasons, the Government attaches great importance to international communication links between Mozambique and neighbouring countries.

110. A telecommunication link between Beira and Maputo has been installed recently; but, for its proper functioning, supplies of spare parts and vehicles are needed. Additional equipment for day-to-day maintenance is also needed. Vehicles and air conditioning units are required in order to assure utilization of the installed system, especially at the stations in Maputo, Massinga, Beira and M. Xiluvo. Spare parts and equipment to maintain the open wire carrier systems between Beira and Machipanda are also needed.

111. A microwave system between M. Xiluvo and Umtali is needed to handle the increased signal traffic to Salisbury. The project includes a pre-investment study and the supply and installation of the equipment. The requirements in the telecommunications sector totalling \$US 2,030,000 are as follows:

(In thousands of dollars)

(a) Troposcatter system (Maputo-Beira)

Supply of spares and vehicles for stations at Maputo, Massinga, Beira and M. Xiluvo	1,000
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(In thousands of dollars)

(b) Open-wire carrier system (Beira-Machipanda)

Supply of spares for maintenance of various systems (SOV-A-A 12CH, SOX-128-1, STO-A/STO-B 3/6, transistors and resistors) 30

(c) Microwave system

Finance of pre-investment study, supply and installation of equipment to satisfy increase in traffic between Beira-Salisbury 1,000

Subtotal 2,030

C. Rehabilitation of agriculture in border areas

112. For the past four years, normal agricultural activities in the border areas were seriously interrupted by interference and incursions by the forces of the illegal régime in Southern Rhodesia. In many areas, agricultural production came to a complete stop, or was heavily curtailed, and new development programmes were postponed or entirely shelved.

113. The provinces most seriously affected by these actions were Manica, Gaza, Tete, and, to a lesser extent, Sofala and Inhambane. Heavy damage was inflicted on individuals, property, equipment, crops and plantations. A number of bilaterally and multilaterally assisted projects had to be suspended and many people had to leave the border areas abandoning villages with functioning institutions.

114. The Government of Mozambique has identified a number of projects and programmes in order to rehabilitate agriculture, livestock and forestry in the country's most affected areas. However, international assistance is needed to carry out the programmes.

115. Financial and technical assistance is required to replace infrastructure and equipment damaged or destroyed during border raids, to reorganize projects where previous plans are no longer considered valid, and to commence new developments not previously considered, which will assist in rehabilitating affected areas.

1. Manica province

116. In Manica province, which was the most seriously affected by the raids, there is a need to rehabilitate the forestry sector, where equipment and plantations were destroyed. The development programme for the forestry sector includes the establishment of a factory for prefabricated houses, and the detailed study of an area in the districts of Sussendenga, where four sawmills were totally destroyed.

Moreover, the forestry development plan calls for a comprehensive forestry inventory and an exploitation plan. Furthermore, the Government is anxious to develop a "forestry industry complex", including a paper pulp plant, in the future. Although technical and financial assistance is already being received, additional finance - including investment - will be required.

117. Manica province has a high potential for growing maize, sunflower, beans, tobacco, tomatoes and citrus fruits. The experimental farm and the seed production station at Sussendenga were attacked and damaged by frequent raids, and ceased to operate. Technical, as well as financial, assistance will be required to rehabilitate the experimental farm and commence operations on the seed production station.

118. Cotton production has not only suffered from disruption from raids but also from destruction of infrastructure, transport and storage. Programmes have been worked out to rehabilitate the cotton industry and to increase field production in the provinces of Manica and Sofala. Agricultural mechanization centres and workshops are planned in order to support agricultural production in both the family and the state sector. Owing to changing diet habits and rising standard of living, wheat imports are increasing. The Government plans to rehabilitate wheat production, especially in areas which have been abandoned since the end of 1975. It is proposed to undertake a seed potato production scheme at the high altitudes in the province bordering Zimbabwe.

119. Some years ago, a dairy plant was to be established in the province. The project never materialized, and local dairy farming in the border area was considerably curtailed by frequent attacks and disturbances. A new programme - the Chimoi Dairy Development Programme - has now been designed for state farms as well as for small-scale producers. Technical assistance has already been provided for the initial period and it is hoped to attract funds from the same donor for the importation of calves.

120. Beef production has steadily declined as a result of enemy raids, and the Government has decided to reorganize the state sector to achieve higher outputs in the near future. The rehabilitation of two production units and two farms which have been abandoned because of frequent attacks is foreseen shortly.

121. In view of the complexity of future programmes, and the competitive demand for water and land resources in Manica, there will be a need for assistance to carry out land-and-water use planning studies. This can be partly supported by an already-existing project.

122. The assistance required in Manica province is as follows:

order to mechanize agriculture. There is also a need to rehabilitate water points, earth dams and boreholes for both human and animal consumption.

126. A project for the eradication of tse-tse in Gaza province was greatly affected by the raids. The mining of the main control station halted the project and wide areas of the province have become reinfested with tse-tse, which has also spread into North Inhumbane province. However, the Government feels that the original programme needs to be reconsidered. Immediate rehabilitation assistance required in Gaza province is as follows:

(In thousands of dollars)

1. Agriculture	
(i) agricultural tools and earthmoving equipment	1,000
2. Livestock	
(i) technical assistance on pasture improvement; replacement of vehicles	1,200
	<hr/>
Subtotal	2,200

127. In total, immediate rehabilitation requirements for agriculture and for the livestock sector in Gaza province are estimated to cost \$2,200,000.

3. Tete province

128. In order to support cereal production, especially in the family sector, the Government needs financial assistance for the rehabilitation of two agriculture mechanization centres. Moreover, funds are required for the provision of equipment and transport to strengthen the marketing organization for food grains. The Government also wishes to reactivate the study and control of weed infestation in the Cabora-Bassa dam.

129. Rehabilitation assistance required in Tete province is as follows:

(In thousands of dollars)

1. Agriculture	
(i) mechanization centres - 2 units; provision of workshops; agricultural machinery; tools;	258
(ii) study and control of weed infestation at Cabora-Bassa dam	478
	<hr/>
Subtotal	736

A/35/297

S/14007

English

Annex

Page 36

130. In total, \$736,000 is required for the rehabilitation of agriculture in Tete province.

131. In summary, immediate financial assistance needed to improve the conditions in agriculture in the three most seriously affected border provinces amounts to nearly \$13 million.

VI. PROGRESS IN IMPLEMENTING SPECIAL ECONOMIC ASSISTANCE PROGRAMMES

132. A number of projects identified in earlier reports on assistance to Mozambique were included in 1978-1979 investment programme and in the investment programme for 1980. Major projects for which international funding has been provided are listed in paragraph 43.

A. International assistance to Mozambique in 1979

133. Mozambique has been obtaining substantial amounts of assistance from the socialist countries within the framework of mutual co-operation agreements under which material, financial and technical assistance have been provided in almost all sectors of the economy. There are also major assistance programmes being carried out by other countries. The following table (table 15), provided by the Government of Mozambique, gives the approximate value of food, project and programme assistance provided or pledged in 1979 by a number of countries and organizations.

134. In total, some Esc. 3,424 million was provided (approximately \$113 million).

TABLE 15

Selected major programmes of assistance to Mozambique in 1979

Source	Type of assistance	Value Escudos (1 000)	
Sweden	<u>Special assistance</u>		
	Wheat 17 500 tons	87 500	
	Special enriched food	21 000	
	Cash for drought victims	45 797	
	Refugees from Zimbabwe	42 000	
	Support for Eduardo Mondland University	3 160	
		<u>Studies and consultancies</u>	
	Honde iron project	8 400	
	Geological map	7 000	
	Study of national transport	10 500	
	Study of air transport	21 000	
	Highway study	3 500	
	Study urban transport	4 200	
	Central-north high-tension line	21 000	
	Study of forestry industry	14 000	
	Others	7 000	
		<u>Support for imports</u>	
	Fertilizers and spare parts	426 795	
	Kraft paper	140 000	
	Others	21 000	
		<u>Education</u>	
	Equipment and courses	70 000	
	<u>Personnel cash fund</u>	35 000	
		Subtotal	<u>988 852</u>
	United Kingdom of Great Britain and Northern Ireland	7 500 tons of wheat	37 500

TABLE 15 (continued)

Source	Type of assistance	Value Escudos (1 000)
Norway	<u>Personnel fund</u>	13 000
	<u>Support for imports</u>	
	Paper for educational purposes	87 700
	Meteorological equipment	5 200
	Energy equipment	33 800
	Fishing equipment	1 950
	Parts for motor vehicles	19 500
	<u>Studies and projects</u>	
	Pilot road maintenance project	6 500
	Energy study	5 200
	Transport study	13 000
	Subtotal	<u>185 850</u>
MONAP (Norway, Sweden Finland, Denmark, Iceland)	SIDA personnel (expatriate)	54 720
	FAO personnel (expatriate)	45 300
	Equipment, vehicles and machinery	415 758
	Construction	68 998
	Administrative costs	9 233
	Other	17 224
	Subtotal	<u>611 933</u>
Netherlands	Various Grants	234 000
	Loans	118 000
	Subtotal	<u>352 000</u>
OPEC (loan)	Support for the balance of payments <u>a/</u>	<u>161 000</u>
Australia	Wheat - 1 500 tonnes	<u>7 500</u>
Belgium	Wheat - 1 600 tonnes	<u>8 000</u>

a/ Second loan.

/...

TABLE 15 (continued)

Source	Type of assistance	Value Escudos (1 000)
Canada	Wheat - 11 000 tonnes	<u>55 000</u>
EEC	Wheat - 16 500 tonnes	82 500
	Milk - 1 000 tonnes	19 000
	Butteroil - 200 tonnes	7 800
	Blankets, dried fish (for Typhoon Angela victims)	2 640
	Fish processing plant at Beira	99 000
	Subtotal	<u>210 940</u>
United States of America	Rice - 7 633 tonnes	72 513
	Maize - 4 365 tonnes	19 575
	Rice - 6 500 tonnes (Typhoon Angela victims)	135 000
	Wheat - 17 000 tonnes (purchase on long-term loan)	72 600
	Rice - 10 000 tonnes (purchase on long-term loan)	92 000
	Subtotal	<u>453 438</u>
Iraq	Support for the balance of payments	<u>320 000</u>
Japan	Rice - 1 600 tonnes	<u>15 200</u>
Italy	Wheat - 3 500 tonnes	<u>16 500</u>
	Total	<u>3 423 713</u>

B. Projects requiring assistance

135. The Government of Mozambique has identified a number of major projects for which it is seeking international financial support.

1. Projects identified in previous reports

136. Four projects which were identified by the Government in 1979 have so far not received any foreign assistance. All four projects are still considered of high priority.

137. The first project concerns the repair and reconstruction of the Mavuzi hydroelectric generation plant which was heavily damaged in a raid early 1979. A French consultancy company has recently completed an inspection of the damaged generators and facilities; a final assessment of costs will be forwarded to the Government shortly. However, the Government's estimate is \$2 million.

138. The second project relates to assistance in replacing and repairing the petroleum facilities at Beira damaged by enemy attacks early last year. The total damage is estimated at \$1.7 million.

139. The third project involves the installation of emergency electricity generating capacity for Sofala province in general, and Beira in particular. This project is of high priority as it would assure power to hospitals, food-processing units and port facilities at Beira. The estimated cost of the project is \$700,000. The Government has approached the United Kingdom for financial assistance but so far no commitments have been made.

140. The fourth project involves the creation of a food security reserve stock. The Food and Agriculture Organization of the United Nations (FAO) recommended a food security reserve stock project last year, which was endorsed by the Government. Pledges for the building of warehouses were received and the first warehouses are already under construction by a Swiss construction company; the Government has also received assurances that technical assistance for further project execution will be provided by the Netherlands. Approximately \$5 million in additional international assistance is required to complete the project.

2. Agricultural Investment Projects

141. Since more than 90 per cent of Mozambique's population is engaged in agriculture, the Government has given high priority to the development of the rural areas. According to medium-term plans, developments in forestry and cotton, especially in the border areas and mainly in Manica province, are considered most important.

(a) Forestry

142. The Government is anxious to establish a forestry industry complex in Bandula. The programme is made up of two major phases over the next decade and calls for a total investment of about \$70 million. Phase I, which is to start immediately, deals with reconditioning of sawmills and particle board mills. The Government is interested in developing this sector, in particular, wood products such as furniture and toys for the export market. The capital investment is estimated at \$5.3 million.

143. Phase II includes additional forest plantations and the construction of a pulp plant by 1990. Phase II requires an estimated investment of \$65 million.

(b) Cotton

144. Cotton production has fallen in recent years, and exports decreased from 49,000 tonnes in 1973 to about 6,000 tonnes in 1977. The decline resulted partly from disruption of normal planting and harvesting activities by enemy raids and partly from the abandonment of large farms. Production is now recovering, and the Government programme involves a total expenditure of \$27 million in the immediate future for rehabilitation of existing farms, mainly in Manica province, and for equipment and spare parts.

145. In summary, the investment needed for forestry and cotton during the next decade amounts to nearly \$97 million.

(c) Coal handling terminal at Matola/Manuto

146. With the development of coal exports from Swaziland, Zimbabwe and South Africa, it is expected that five million tonnes of coal per annum will be shipped through Manuto. To handle this volume of coal export, it will be necessary to provide a bulk-handling system and to improve the port to accommodate bulk coal vessels of 80,000 dead-weight tons. The Government has issued preliminary instructions for the pre-qualification of prospective tenders for this project on the basis of the report of the port's consulting engineers. The project will include a tandem rotary car dumper, a 2-speed stacking and reclaiming conveyor system, two bucket-wheel travelling stackers, a transfer conveyor, automatic weighing equipment, a ship loader conveyor and an off-shore transfer station. Substantial marine construction will be required including causeways, a berth mooring dolphins, and ship service pipelines and power supply. Major dredging will also be necessary.

147. The project for exporting coal will have the added advantage of improving the ports' ability to handle the growing container traffic. A preliminary estimate of the total cost of the project is between \$55 million and \$75 million.

(d) Other investments

148. Major investments are also required for the Mocuba textile project and for the accelerated development of the Limpopo-Incomati region, both of which were identified in earlier reports. The Government is also seeking foreign investment for the exploration and development of oil and natural gas and for the expansion of coal exports from the Moatize mines.

149. More detailed information on these projects and programmes can be obtained from either the Government of Mozambique or from the Office of the Under-Secretary-General for Special Political Questions.

